

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the matter of AT&T's Request)	
To contribute to Universal Service)	CC Docket No. 96-45
Based on Projected Revenues)	

Comments of Beacon Telecommunications Advisors, LLC

Beacon Telecommunications Advisors, LLC (Beacon), in response to the FCC's request for comments on the AT&T proposal to move from paying contributions to the Universal Service Fund based on actual revenues to proposed revenues, offers the following concerns, comments, and insights.

Beacon is a regulatory, financial and management consulting firm providing services to over 60 operating communications companies directly impacted by this proposal. Though this proposal may be well intentioned, the consequences may be a new and difficult path in the administration of this already complex fund.

Proposal will result in increased administrative costs

AT&T's size and the magnitude of their contribution to the fund will necessitate that their forecasts and true ups be monitored, reviewed, and tracked. These changes will add increased manpower needs and drive up the costs of administering the fund. It is not in the interest of other carriers to 'fund' AT&T's solution to their customer service issue.

Proposal increases complexity of fund

Should AT&T be allowed to contribute based on lower projected revenues, others, but not all, will follow. Now there are two funds to administer: a projected fund, and a historical fund. New additional processes will need to be established to make sure that all carriers contribute adequately to the fund and that the fund fully serves its purpose of

assisting high cost companies provide quality communications services. The USF system has spent enough time in the courts, and adding to the complexity can do nothing but increase the chances that we again find ourselves litigating issues.

Proposal will cause constant true up impacting all recipients

As is the intention of the USF, many high cost companies rely on the revenue stream from the fund for operation of their companies. Uncertainty of revenues streams, especially to smaller carriers, places an increased burden on those the fund was designed to help and will thereby increase their cost of operation. This places increased burden on the fund, contributing companies, and ultimately on all end users of communication services, not only AT&T customers.

True ups, especially multiple true ups, and the audits of the true ups, will force recipients of USF to carry a contingency fund to cover any over payments that AT&T, and others, may make due to inaccurate forecasting. Again, an unjust price for all carriers to pay to help AT&T better manage their customer service issues.

Proposal could well become a ‘cash management’ tool

In today’s business economy and the restructuring of the balance sheets of many carriers, the old adage that ‘cash is king’, takes on almost a new meaning. Many companies are teetering on the verge of insolvency, and this might be an excellent way to ‘manage’ future period cash balances. Unfortunately, recent events force us to at least address this cynical point of view. While we are certainly not implying anyone carrier would result to manipulating forecasts to maintain cash, the incentive to ‘arbitrage’ the process must be considered, as should the impacts to the critical social tool.

As the Commission is tasked with ensuring the mandates of Congress are carried out in a fair, just, and economical manner, we suggest that this proposal receive a full and thorough review. While the proposal may seem simple on its face, it is rife with questions, uncertainty, and potential hazards. If this ‘Pandora’s Box’ is opened, the entire industry will be impacted for years to come.

Respectfully Submitted,
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